

# Biden signals readiness to impose social cuts, work requirements in debt limit deal with Republicans

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President Joe Biden and the Democratic Party have made clear they will unite with House Speaker Kevin McCarthy and Republican lawmakers to impose massive cuts in social programs as part of a deal to raise the debt limit.

Amidst a media-stoked atmosphere of impending “catastrophe” should the United States default on its \$31.4 trillion debt, which, according to Treasury Secretary Janet Yellen, could occur as soon as June 1, the two big business parties are conspiring to impose the cost of the war against Russia in Ukraine and war preparations against China, plus trillions in bank bailouts, on the working class.

The “crisis talks” are part of a heavily stage-managed, bipartisan operation, including a manufactured default deadline, to enable “progressive” Democrats to cover for Biden and vote for massive cuts while concealing the corporate interests and imperialist war aims that are being served.

Virtually nothing is said about the sources of the spiraling national debt—including \$113 billion in military aid to Ukraine and a record \$1 trillion defense budget in 2022, combined with hundreds of billions to rescue failing banks and their wealthy depositors. The lying propaganda surrounding the debt crisis likewise ignores the fact that spending caps imposed by the Obama-Biden administration beginning in 2011 have already sharply cut outlays for essential social needs ranging from health care and education to food stamps, rent and home heating assistance, the environment and occupational health and safety.

Following Tuesday’s White House meeting between Biden and the top leaders from each party in the House and Senate, both sides praised the talks and declared their mutual commitment to avoiding a default and pushing a bipartisan budget deal through Congress before the debt exceeds the current legal limit.

Biden cut short his trip to Asia to attend the G-7 summit in Japan, skipping planned stops in Papua New Guinea and Australia, in order to return to Washington on Sunday. Before departing on Wednesday, he said, “I’m confident that we’ll get the agreement on the budget and America will not default.”

In previous remarks on Republican demands for tougher work

requirements for low-income recipients of Medicaid, food stamps and what remains of the federal welfare program (Temporary Assistance for Needy Families—TANF), Biden noted that as a senator during the Clinton administration he had voted for work requirements for welfare and indicated he was open to tightening such requirements for those receiving food stamps.

Budget experts estimate that the Republican demands for work rules, apart from other major cuts resulting from spending caps and the rescinding of unspent COVID funds that include social assistance, will effectively cut off health care for 1.7 million low-income people and food stamps for 275,000 people.

The White House has let it be known that it is proposing a two-year cap on federal non-military discretionary spending as part of a debt limit deal, which would amount to hundreds of billions of dollars in social cuts. Biden is also indicating a readiness to accept the rescinding of \$56 billion in unspent COVID funds, most of which would otherwise go toward rental assistance, community development and disaster relief programs, according to the Congressional Budget Office (CBO). “I have to take a hard look at it. It’s on the table,” Biden said.

He has also broadly hinted acceptance of Republican demands to loosen requirements for the launching of fossil fuel energy exploration and development projects.

House Speaker Kevin McCarthy said Thursday that negotiators could reach an agreement this weekend and he expected his chamber would be able to vote on a deal by next week. “Everyone’s working hard,” he told the press. He went out of his way to praise the negotiating team Biden appointed to continue the talks following Tuesday’s White House meeting, calling Biden presidential counselor Steve Ricchetti and Office of Management and Budget Director Shalanda Young “exceptionally smart.”

Ricchetti and Young are right-wing Democrats. The former was the chair of Biden’s 2020 election campaign and headed up the effort to raise money from Wall Street financiers. At a Senate hearing on her nomination for deputy director of the

OMB, Young was praised by Trump supporter Lindsey Graham. She was promoted for the post of OMB director by the Congressional Black Caucus and the New Democrat Coalition, a 100-member caucus in the House that advocates fiscal austerity, law-and-order and pro-corporate “reforms.”

McCarthy’s team is headed by Louisiana Congressman Garrett Graves, a long-time ally, and Rep. Patrick McHenry of North Carolina, a member of the Republican Study Committee, a “free market” caucus that advocates extreme austerity, the removal of virtually all regulations on business, militarism and law-and-order.

The main potential obstacle to a debt limit deal based on brutal austerity is not the White House or the Democratic Party, but the fascist-dominated House Freedom Caucus. On Thursday, it called on McCarthy to suspend the debt limit talks and instead focus on seeking passage in the Democratic-controlled Senate of the debt limit and budget bill narrowly passed last month by the House. That bill would raise the debt ceiling by \$1.5 trillion or until next March 31, whichever comes first, and impose \$4.5 trillion in total spending cuts over the next decade.

All of the cuts would come in non-military domestic discretionary programs. The bill would freeze discretionary spending at 2022 levels and impose an annual spending increase cap of 1 percent for the next decade. According to the CBO, this would result in a cut of \$3.2 trillion, largely in social spending, over the next decade.

The Senate will not pass such a bill, so the House Freedom Caucus proposal amounts to acceptance of a default on the national debt, something advanced by Donald Trump in his town hall meeting last week on CNN.

In part to appease the fascist caucus in the House, Graves and McHenry walked out of the debt talks on Friday and declared a “pause” on the grounds that the White House team was being “unreasonable.” The BBC reported that the walkout was “widely regarded as a negotiating ploy on Capitol Hill,” part of the political posturing deemed necessary to push through the austerity measures demanded by Wall Street and the military/intelligence apparatus.

McCarthy duly altered his tone, saying, “We’ve got to get movement from the White House, and we don’t have any movement yet.”

A White House official responded to the pause by saying, “If both sides negotiate in good faith and recognize they won’t get everything they want, a deal is still possible.”

The so-called “progressives” within the Democratic Party are, as usual, responding to Biden’s acceptance of Republican demands by protesting on their knees, while preparing to ensure the implementation of a deal.

Rep. Pramila Jayapal of Washington State, chairwoman of the Congressional Progressive Caucus in the House, told the *USA Today*: “The president has been a great leader for the last two years and the American people have seen him fighting for

them. And I want to make sure that’s the president that is in these negotiations—that he is fighting for regular people and that we are not caving in to things that are nonstarters.”

Ten Democratic senators plus the nominally independent Bernie Sanders sent a letter to Biden on Thursday urging him to invoke the 14th Amendment to the US Constitution to avert a government default without action by Congress. The letter cited section 4 of the amendment, which states that “the validity of the public debt of the United States... shall not be questioned.” Biden has ruled out such a maneuver. The group of senators includes Elizabeth Warren, Jeff Merkley, John Fetterman and other so-called “progressives.”

In fact, the new austerity drive—which is certain to extend in relatively short order to “entitlement” programs such as Social Security and Medicare—builds on the sweeping cuts enacted under the Budget Control Act of 2011, passed under the Obama administration, with Biden serving as the point man in negotiations with the Republicans. The Center on Budget and Policy Priorities published a paper this past March outlining the severe impact of the limits on annual appropriations set by the 2011 law for 2012 through 2021, in the aftermath of the 2008 financial crisis and massive bailout of the banks.

Among the report’s findings:

- Overall 2023 funding for NDD (non-defense discretionary) programs *other* than veterans’ medical care remains 10 percent below its 2010 level after adjusting for inflation and population growth.

- Excluding veterans’ medical care, NDD funding is 2.8 percent of GDP in 2023, compared with 3.4 percent in 2010 and an average of 3.3 percent since 1977.

- Appropriations for aid to K-12 education decreased by 15 percent between 2010 and 2023 after adjusting for inflation.

- Funding shortfalls for the Social Security Administration caused it to lose 13 percent of its staff since 2010, hampering its ability to perform basic services such as answering questions and processing applications for benefits in a timely and accurate way.

- The Environmental Protection Agency’s budget was cut by 30 percent between 2010 and 2023, adjusted for inflation.

- Other programs impacted include housing assistance, Head Start, Low-Income Home Energy Assistance (LIHEAP), the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and Older Americans Act programs, along with part of child care assistance.



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